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**GENERAL DISTRIBUTORS OF CANADA LTD.**

*Annual  
Report*

**FISCAL YEAR ENDED JANUARY 31, 1969**





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## GENERAL DISTRIBUTORS OF CANADA LTD.

### DIRECTORS

Albert D. Cohen	<i>President of General Distributors Limited</i>
Harry B. Cohen	<i>Director, General Distributors Limited</i>
John C. Cohen	<i>Director, General Distributors Limited</i>
Joseph H. Cohen	<i>Director, General Distributors Limited</i>
Morley M. Cohen	<i>Executive Vice-President of Metropolitan Stores of Canada Limited</i>
Samuel N. Cohen	<i>President, Metropolitan Stores of Canada Limited</i>
F. N. Hughes	<i>Partner, Richardson Securities of Canada</i>
G. R. Hunter, Q.C.	<i>Partner, Pitblado, Hoskins &amp; Company</i>

### OFFICERS

Albert D. Cohen	<i>President &amp; Chief Executive Officer</i>
Harry B. Cohen	<i>Vice-President</i>
John C. Cohen	<i>Secretary</i>
R. B. Slater	<i>Assistant Secretary</i>
Samuel N. Cohen	<i>Treasurer</i>



## **Report of Directors**

*To the shareholders of*

**General Distributors of Canada Ltd.**

General Distributors of Canada Ltd. became a public company in May, 1968. May we take this opportunity of welcoming our shareholders to the company.

The company, through wholly-owned subsidiaries, General Distributors Limited and Cam-Gard Supply Ltd. distributes electronic supplies and equipment throughout Canada.

The company introduced Sony electronic consumer products to the Canadian market in 1955. The company has an exclusive contract for Canada with Sony Corporation of Japan for the distribution of transistor radios, tape recorders, television sets, stereo and hi-fi equipment and all other Sony consumer products.

Sony is one of the most famous and best-known brand names in the electronic field throughout the world.

Cam-Gard is in the wholesale electronic distribution business. There are eight branches established in the principal cities of Western Canada. Cam-Gard supplies the retail trade in electrical appliances, parts and electron tubes. This wholly-owned subsidiary has shown excellent growth and holds good potential for future expansion.

The company also owns 50.3% of the shares of Metropolitan Stores of Canada Limited.

Metropolitan and its subsidiaries, Greenberg Stores Limited and Saan Stores Limited are a dynamic group comprised of 154 retail stores across Canada, located in every province except Newfoundland.

Enclosed with this report is a Metropolitan statement for the year ended January 31, 1969. It details the past year's results, as well as a financial history of Metropolitan since this company was repatriated to Canadian ownership in 1961.

### **SALES**

Sales were \$71,391,119. This is a consolidation of all sales of the company.

### **EARNINGS**

The combined earnings of the company and its wholly-owned subsidiaries, including the earnings attributable to the 50.3% ownership in Metropolitan Stores of Canada Limited, were \$1,584,354. This is equal to 52.3 cents per share based on the common shares outstanding.

### **NOTE**

Sales and earnings for Cam-Gard are for a four month period only from October 1st, 1968, to January 31st, 1969, which encompasses the period that Cam-Gard was a wholly-owned subsidiary.

This being the first year of operation of General Distributors of Canada



Ltd. as a public company and the first time that sales and earnings have been consolidated, there is no comparison with previous years.

General Distributors of Canada Ltd. has no long-term debt or preferred shares outstanding and is capitalized at 5,000,000 common shares of which 3,024,274 shares have been issued and are outstanding.

#### **DIVIDENDS**

It is not the intention of the directors to declare a dividend at the present time. The policy on dividends will be reviewed from time to time.

#### **SONY DEVELOPMENT**

The growth potential of Sony in Canada is considerable. During the latter part of 1969 Gendis will be introducing the new Sony "*Triniton*" color portable television set. This features a new color picture tube the development of which has long been a dream of researchers in the color T.V. field throughout the world. It is based on a new concept of electron optics differing from conventional color picture tubes.

A conventional picture tube has three electron guns positioned in a delta-shape, each of which ejects an electron beam to reproduce the three basic color spots on the picture screen.

"*Triniton*" has only a single electron gun and this single gun ejects simultaneously three electron beams. Unlike the conventional tube, in which each of the three guns has a small diameter electron lens to focus its beam, the three beams are converged and focused through the "*Triniton's*" electron optical system, which consists of two large diameter electron lenses and a pair of electron prisms.

The larger diameter electron lens in the "*Triniton*" greatly improves the brightness and sharpness of the picture. In this newly designed electron optical system, it is possible to converge the three beams into the center of this large diameter lens and thus obtain a brighter and sharper picture.

Initially, we expect to introduce the Sony "*Triniton*" color set in a portable 12 inch screen size. This new color T.V. set should help increase Sony sales in Canada but the great potential in the Sony "*Triniton*" set will not develop until 1970 and possibly 1971.

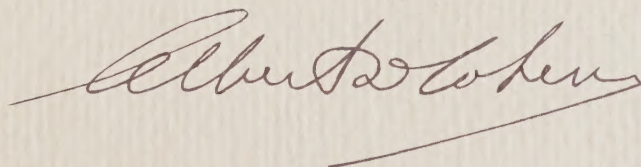
#### **EXPANSION**

Your Directors are interested in acquisitions which will benefit the shareholders. We prefer that these acquisitions be in related companies or industry and are constantly on the lookout for these possibilities.

#### **IN APPRECIATION**

We express our sincere thanks to our many employees and suppliers for their co-operation over the years. Without this assistance and goodwill the growth would not have been possible.

To our many shareholders we are appreciative of your confidence in management. This we will try to justify over the years in increased sales and profitability.



President



**GENERAL DISTRIBUTION  
AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEET**

**ASSETS**

**CURRENT ASSETS**

	\$	\$
Cash and short-term deposits	1,720,869	
Marketable securities — at cost (quoted value \$25,065)	37,041	
Receivables (note 2)	2,984,813	
Inventories — at the lower of cost or net realizable value	13,458,505	
Prepaid expenses	<u>274,724</u>	18,475,952

**INVESTMENTS — at cost**

Sony Corporation — common shares (quoted value \$780,000)	371,341	
Advances and sundry investments	179,098	
Special refundable tax	<u>86,385</u>	636,824

**FIXED ASSETS**

Land — at cost	5,810,042	
Buildings, fixtures and equipment at cost less accumulated depreciation (note 3)	9,098,892	
Leasehold improvements — at cost less amortization	<u>1,375,536</u>	16,284,470

**OTHER ASSETS**

Deferred charges at cost less amortization	88,248	
Excess of purchase price of subsidiaries over equity in net assets at date of acquisition	<u>2,756,293</u>	<u>2,844,541</u>
		<u><u>38,241,787</u></u>

Signed on behalf of the Board

ALBERT D. COHEN

DIRECTORS

JOHN C. COHEN



**RS OF CANADA LTD.  
Y COMPANIES**

ET AS AT JANUARY 31, 1969

**LIABILITIES**

CURRENT LIABILITIES	\$	\$
Bank advances (note 2)	5,484,833	
Accounts payable and accrued liabilities	5,553,446	
Income and other taxes	1,362,913	
Long-term debt instalments due within one year	<u>78,139</u>	12,479,331
LONG-TERM DEBT (note 4)		6,009,580
DEFERRED INCOME TAXES		423,140
MINORITY INTEREST IN NET ASSETS OF SUBSIDIARY COMPANIES		<u>11,148,097</u>
		<u>30,060,148</u>

**SHAREHOLDERS' EQUITY**

CAPITAL STOCK (note 5)		
Authorized —		
5,000,000 shares without nominal or par value		
Issued and fully paid —		
3,024,274 shares	5,195,422	
RETAINED EARNINGS (note 8)	<u>2,986,217</u>	<u>8,181,639</u>
		<u>38,241,787</u>



**CONSOLIDATED STATEMENT OF EARNINGS AND RETAINED EARNINGS**  
FOR THE YEAR ENDED JANUARY 31, 1969

	\$
SALES	71,391,119 ✓
COST OF GOODS SOLD AND OPERATING EXPENSES (note 6)	65,602,469
	<u>5,788,650</u>
PROVISION FOR INCOME TAXES	
Current	2,913,636
Deferred	105,369
	<u>3,019,005</u>
	2,769,645
MINORITY INTEREST IN NET EARNINGS OF SUBSIDIARY COMPANIES	<u>1,185,291</u>
NET EARNINGS FOR THE YEAR	1,584,354 ✓
RETAINED EARNINGS — BEGINNING OF YEAR	1,401,863
RETAINED EARNINGS — END OF YEAR	<u><u>2,986,217</u></u>

**CONSOLIDATED STATEMENT OF SOURCE AND USE OF FUNDS**  
FOR THE YEAR ENDED JANUARY 31, 1969

	\$
SOURCE OF FUNDS	
Net earnings for the year	2,769,645
Add: Charges not requiring cash outlay —	
Depreciation of fixed assets and amortization of leasehold improvements and deferred charges	1,211,663
Deferred income taxes	105,369
	<u>4,086,677</u>
Proceeds from issue of shares	2,972,281
Repayment of advances and special refundable tax	89,695
	<u>7,148,653</u>
USE OF FUNDS	
Repayment of advances and long-term debt	1,737,914
Additions to fixed assets — net	1,723,246
Shares of subsidiary companies acquired for cash	938,604
Investments and advances	372,191
Deferred charges incurred	149,059
Preferred dividends of subsidiary company	361,281
Redemption of preferred shares of subsidiary company	347,500
	<u>5,629,795</u>
INCREASE IN WORKING CAPITAL	1,518,858
Working capital acquired through purchase of subsidiary companies	4,313,701
Working capital — beginning of year	<u>164,062</u>
WORKING CAPITAL — END OF YEAR	<u><u>5,996,621</u></u>



# **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** **FOR THE YEAR ENDED JANUARY 31, 1969**

## 1. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the assets, liabilities and operating results of all subsidiary companies from the dates of acquisition.

## 2. BANK ADVANCES

The book debts of certain subsidiary companies have been pledged as security for bank advances to those companies of \$1,400,230.

## 3. FIXED ASSETS

Buildings, fixtures and equipment and related accumulated depreciation are classified as follows:

	Cost	Accumulated depreciation	Net
	\$	\$	\$
Buildings	7,096,257	1,773,718	5,322,539
Fixtures and equipment	7,674,627	3,898,274	3,776,353
	<u>14,770,884</u>	<u>5,671,992</u>	<u>9,098,892</u>

## 4. LONG-TERM DEBT

The long-term debt is classified as follows:

	\$
Metropolitan Stores of Canada Limited 6½% first mortgage sinking fund bonds, Series "A", having a sinking fund requirement of \$210,000 in 1969 and progressively increasing annual requirements to a final maximum payment of \$540,000 in 1984. (At January 31, 1969, bonds with a value of \$301,000 had been purchased in advance of requirements)	5,324,000
Metropolitan Stores of Canada Limited 6¾% mortgage repayable by 1983 in monthly instalments of principal and interest of \$3,759	428,669
Greenberg's Department Stores (1962) Ltd. 5% unsecured notes repayable by 1975 in annual instalments of principal of \$40,000	280,000
Cam-Gard Supply Ltd. 7% mortgage repayable by 1971 in monthly instalments of principal and interest of \$1,410 until June, 1969 and \$2,000 thereafter	55,050
	<u>6,087,719</u>
Less: Instalments due within one year	<u>78,139</u>
	<u>6,009,580</u>

## 5. CAPITAL STOCK

(a) The increase in the issued share capital during the year is as follows:

	Shares	\$
Outstanding at January 31, 1968	1,354,360	48,000
Issued for cash	457,274	2,972,281
Issued in exchange for shares of subsidiary companies	1,212,640	2,175,141
	<u>3,024,274</u>	<u>5,195,422</u>

(b) A stock option plan has been established for the purchase, by key employees of the company and its subsidiaries, of an aggregate 50,000 shares at a price of \$6.50 per share. These options are exercisable over a five-year period terminating in 1973. At January 31, 1969, options had been exercised covering 7,270 shares.



6. COST OF GOODS SOLD AND OPERATING EXPENSES

The following expenses (income) are included:

	\$
Directors' remuneration	336,600
Depreciation of fixed assets and amortization of leasehold improvements	1,150,852
Amortization of deferred charges	60,811
Interest on long-term debt	394,910
Income from investments	(6,993)

7. LEASE COMMITMENTS

Rentals paid on property leases for the year ended January 31, 1969, amounted to \$2,406,814. Minimum annual rentals in subsequent years on long-term property leases in effect at January 31, 1969 are:

Year ended January 31	Minimum annual rental
	\$
1970	1,759,000
1971	1,686,000
1972	1,592,000
1973	1,530,000
1974	1,417,000

Certain of these leases provide for additional rental based on sales. In addition, there are leases where rentals are based entirely on sales.

8. DIVIDEND RESTRICTION

Metropolitan Stores of Canada Limited is subject to certain restrictions on the payment of dividends as set out in the Deed of Trust and Mortgage securing the First Mortgage Bonds and as set out in the provisions attaching to its outstanding preferred shares. The dividend requirements are presently exceeded by a substantial margin.

## AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of General Distributors of Canada Ltd. and its subsidiaries as at January 31, 1969 and the consolidated statements of earnings and retained earnings and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at January 31, 1969 and the results of their operations and the source and use of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

March 14, 1969  
Winnipeg, Manitoba

McDONALD, CURRIE & CO.  
CHARTERED ACCOUNTANTS











# REPORT TO

## General Distributors of Canada Ltd. Shareholders

### OF THE FIRST SIX MONTHS' ACTIVITIES (February 1st to July 31st, 1969)

Net income for the six months ended July 31, 1969, was \$412,897 compared with \$300,373 in the same period of 1968. Total net income including an extraordinary gain of \$53,606 was \$466,503.

Sales were \$34,696,742 for the six months ended July 31, 1969, as compared with \$29,140,036 in the same period of 1968.

Sales and earnings include the results for the first six month period of Cam-Gard Supply Ltd. The company became a wholly owned subsidiary on October 1, 1968. Because of a different fiscal year under former ownership, figures are not available for the same period in 1968.

General Distributors Ltd. acquired a total of 5,575 shares of Metropolitan Stores of Canada Ltd. on the open market. This increases the percentage of ownership of Metropolitan from 50.3% to 51% of the 852,921 outstanding common shares.

Metropolitan Stores of Canada Ltd. showed an increase in sales of 5.86% for the first six months of 1969. Profits however are down slightly. Because of the nature of the Metropolitan operation a greater share of profits is generated in the last six months of the fiscal year.

Sales of Sony consumer products in Canada continue to show a substantial increase.

The long awaited introduction of Sony Trinitron color television to the Canadian market will be made during the third quarter. Delivery to leading department stores and selected retail dealers will be made at the end of September. We are confident that because of the unique technical breakthrough of the Sony Trinitron color television set, Sony will capture a reasonable percentage of the market. The next six months will be a very important period to test sales of Trinitron to the consumer.

To reiterate the remarks made in the report to shareholders of the first three months' activities, management continues to expect substantial increase in sales and earnings through the balance of the year and is reasonably optimistic for all divisions of the company.

## GENERAL DISTRIBUTORS OF CANADA LTD.

### Statement of Earnings

For the six months ended July 31, 1969

Compared with the first 6 months of the previous year.

	<u>July 31, 1969</u>	<u>July 31, 1968</u>
Sales .....	\$34,696,742	\$29,140,036
Earnings before taxes	1,503,522	1,389,826
Provision for income taxes .....	763,274	719,024
Minority interest .....	327,351	370,429
Net earnings from operations .....	412,897	300,373
Extraordinary income ..	53,606	
Net earnings for six months .....	466,503	300,373
	<u>July 31, 1969</u>	<u>July 31, 1968</u>
Earnings per share		
before extraordinary income .....	13.62c	9.91c
including extraordinary income .....	15.39c	9.91c

#### Notes:

1. The above figures are unaudited.
2. The six month period ended July 31, 1968, does not include Cam-Gard Supply Ltd. which was acquired October 1, 1968.

ALBERT D. COHEN,  
President.



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**GENERAL DISTRIBUTORS OF CANADA LTD.**

791 Notre Dame Ave.

Winnipeg 3, Canada

*Interim Report  
to Shareholders*

**6 MONTHS ENDED JULY 31, 1969**